GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2092
ANSWERED ON:05.08.2005
ISSUE OF FAKE IT RETURNS
Manvendra Singh Shri ;Solanki Shri Bhupendrasinh Prabhatsinh

Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Union Government has been drawn to the alleged irregularities made by some income tax officials in regard to the issuing of fake income tax refund certificates as reported in the Indian Express dated the June 9, 2005;

(b) if so, the details thereof;

(c) the number of income tax officials found to be involved therein;

(d) the action taken or proposed to be taken against them; and

(e) the steps taken or proposed to be taken to check recurrence of such cases?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI.S.S.PALANIMANICKAM)

(a) Yes Sir.

(b) Some cases of bogus claim of refund by filing fictitious returns of income with fictitious TDS certificates or by using stolen refund stationery have come to the notice of the income-tax authorities at Delhi.

(c) So far, one official of the Income Tax Department has been found to be involved in these cases detected in Delhi.

(d) The official involved in the bogus refund cases has been placed under suspension. In addition to criminal proceedings initiated by the Police, further action as per Central Civil Services (Classification, Control and Appeal) Rules shall be initiated against the official after receipt of report from Delhi Police.

(e) The steps being taken to check fraudulent claim of refunds include:

i) Implementation of Electronic Clearing System (E.C.S.) for direct credit of refund to the bank account of the taxpayer.

ii) Instruction to the field officers to keep refund stationery in personal custody and to send Advice Notes of refunds to clearing banks through authorized departmental personnel.

iii) Proposal to dematerialize TDS certificates so as to preclude possibility of claim of refund against fictitious TDS certificates.

iv) Administrative approval of Commissioner of Income Tax for issue of high- value refunds.